

COMMITTEE ON WAYS AND MEANS

May 30, 2017

A meeting of the Committee on Ways and Means was held this date at 4:38 p.m.

PRESENT (13)

The Honorable John J. Tecklenburg, Mayor

Councilmember White	District 1	Councilmember Waring	District 7
Councilmember Williams	District 2	Councilmember Seekings	District 8
Councilmember Lewis	District 3	Councilmember Shahid	District 9
Councilmember Mitchell	District 4	Councilmember Riegel – <i>arrived at 4:44 p.m.</i>	District 10
Councilmember Wagner	District 5	Councilmember Moody	District 11
Councilmember Gregorie	District 6	Councilmember Wilson	District 12

1. INVOCATION:

The meeting was opened with an invocation provided by Councilmember Lewis.

2. A RESOLUTION PROVIDING FOR AN ELECTION FOR THE DETERMINATION OF THE QUESTION OF WHETHER THE CITY OF CHARLESTON SHALL BE EMPOWERED TO ISSUE AND SELL GENERAL OBLIGATION BONDS OF THE CITY OF CHARLESTON IN THE AMOUNT NOT EXCEEDING \$20,000,000 AND FOR THE PURPOSES OF PROVIDING AFFORDABLE HOUSING AS SET FORTH HEREIN.

Councilmember Mitchell said this was something that the City had been talking about for a long time. He said that with this bond referendum, the City would be able to provide some truly affordable housing, which was needed in the community. This would help people stay on the Peninsula because there needed to be a balance in the community.

Charlton deSaussure stated that he had appeared a few times before the Community Development Committee about the idea of a \$20,000,000 General Obligation issue, which followed the format that the City used successfully a number of years ago for a \$10,000,000 voter-approved General Obligation Bond which provided housing to low to median income residents. He stated Don Cameron and the Charleston Housing Authority partnered with the City. The City issued the

bonds, and the project was financed and handled by the Housing Authority. The rent received from the Housing Authority was equal to debt service on the bonds. This was a way to get \$10,000,000 in that case, and perhaps up to \$20,000,000 if this referendum were to be approved by the voters to build affordable housing and enter into some agreements to hopefully have a stream of income, which would pay the debt and would also benefit the people who would be living in the housing.

Don Cameron referenced the housing that was completed previously and said that three developments were completed for 64 units. He said there were 26 units at William Enston Homes on Huger Street, 10 units on Simons, King, and Romney, which was an acquisition with substantial rehabilitation called Simons Commons, and 28 units at Blakeway, which was behind the elementary school and playground, and adjacent to a condominium development. The two have cross-covenants, so that if one drove out on Blakeway, it was seamless. One could not tell which was affordable housing and which was for sale or rental. He explained that in the other part of the agreement, the Housing Authority would front-end fund all of the expenses. At the end of the deal, it would be reimbursed by the City, which would not cause the City to be out of the money ahead of time or to be making progress payments. During the time of development, they found they could get more units on Daniel Island, so the Housing Authority invested an additional \$1.7 million to the \$10,000,000 that was in the bond. So, the 64 units were produced for a cost of \$11.7 million.

Mr. deSaussure explained that the Resolution tonight would just put on the November ballot the request that this be approved by the voters. Chairman Moody asked if these were Revenue or GO bonds. He said they were not part of the City's eight percent, and if they were on a ballot, then they would be over and above that, but they were not revenue bonds as such. Mr. deSaussure confirmed and said the security was full, faith and credit of the City. The expectation was that some of the revenues that may be received from the housing will be able to pay the debt service, as was the case in the \$10,000,000 issue. He said the question before the voters was not to exceed \$20,000,000, full, faith, and credit taxing power secured bonds.

Councilmember Riegel arrived to the Chamber at 4:44 p.m.

Mayor Tecklenburg asked if this counted against the eight percent, and Mr. deSaussure said it did not. If the City assessed value was \$1.2 billion, eight percent of this was \$96,000,000, so the City Council could also authorize the issuance of GO debt of the City in a principle amount not exceeding \$96,000,000 of such debt being outstanding at any time. As the debt gets paid down, the City recoups what's been paid down. As assessed value increases, the City gets eight percent of a larger number, so that it is fluid. He said that any voter-approved debt did not count against the eight percent at all. Chairman Moody asked how high the eight percent number was. Mr. deSaussure said he thought it was in the \$40,000,000 range.

Councilmember Williams said what the City was doing tonight is what he considered to be helping the poorest of the poor. He said too often Council got confused with what it was trying to do, and this was a prime example. The City was trying to help the poorest of the poor, sustain

housing on the Peninsula, and keep the housing that it had. He said he would fully support it. He referenced an article in the paper about millennials being the new faces of workforce housing. He said a 22 year old man had moved to Charleston from Atlanta, a very successful banker, and he had the hardest time finding an apartment. He viewed properties in Mt. Pleasant, James Island, West Ashley, and Folly Beach, and he still struggled to find affordable housing. He was forced to settle for an apartment that was slightly higher than his budget with the hope of getting a roommate. Councilmember Williams said what they were doing tonight was helping the poorest of the poor, when the new reality was in the article he referenced, new people coming into Charleston that were forced to deal with the market. He said he supported the item, but this was what the City was facing when a young man came to Charleston making a very good salary and had a tough time finding housing.

Councilmember Gregorie said he knew the City was having 47 people coming to the Lowcountry daily, and he asked if the City had any “expected to reside” numbers. Mrs. Geona Shaw Johnson stated they did not have that information, but what they had was an assessment that they completed along with South Carolina Community Loan Fund, Charleston County, and the Council of Governments, which was a housing need assessment that looked at the need for housing in the community. They were looking at updating that now, so they did not understand yet the full impact of the population increase to the community, but she said they were behind now, so the fact that the City was getting an increasing number of people in the community meant the issue was becoming more widespread. The question was how the City should best address the issue. This was one of the tools that they talked about using to address it.

Councilmember Seekings said he would be supporting this, but he asked if they would be taking this to the citizens of the City and asking them to vote in favor of the City issuing \$20,000,000 worth of bonds. Did they have a plan in place on how the money would be spent? He asked if the City had identified projects, designed, and prioritized. He said he looked at the City’s last bond issue, and the City built 64 units. He said this was \$182,812.50 a unit, which was a big number per unit for affordable housing. He said that between now and November, the City needed to let the citizens know where the projects would be, what they would be, and how many units, because it would be a big and needed investment. Chairman Moody added that if the City did not do this, it would be doomed. Councilmember Seekings agreed, and to him \$182,812.50 a unit was on the high end. He hoped they would do better with the \$20,000,000 should the City convince the voters of Charleston.

Councilmember Lewis said he agreed with Councilmember Seekings. He said he voted for the last one, and he was displeased with the way the money was spent and who was allowed to rent the apartments. He hoped that when the City came up with the plan, that it was a very good plan. The City did need low to moderate income residents. He said Charleston was built around the service industry, hotels, motels, restaurants, hospitals, and the Citadel. He said the people that took care of these places could not even afford to live in Charleston, or hardly North Charleston. He said if the City was going to do something, it had to make sure that low to median income residents were able to live on the Peninsula. The City needed to make sure it provided housing for

people who wanted to come back. A lot of people were forced off of the Peninsula over the last ten to 15 years because of high density development on the Westside of the City. He hoped the City would address the needs of people who needed to be on the Peninsula, but could not afford to drive here to work and had to depend on cabs and buses because they did not have the money to buy a car.

Councilmember Mitchell said he mentioned this in the Community Development Committee, that there needed to be a balance on the Peninsula like the City had at one time. He said if this were to be approved, he would be working hard with the Committee to make sure that the City would provide housing that would serve these individuals. He said he's been looking at these issues for a long time, and the City had to do this now.

Mayor Tecklenburg said he wanted to thank Councilmember Mitchell and the Community Development Committee for marshaling this matter along, Geona Shaw Johnson and the Department of Housing and Community Development, and Charlton deSaussure. He said he heard Council loud and clear that the City needed a specific plan for how these funds would be expended in order to get the support of its citizens this November. He asked Mr. deSaussure if they would need the exact language to go on the ballot by August of this year. Mr. deSaussure said the exact language was broad and spoke to affordable housing, so the exact projects did not have to be identified. As a legal matter, it did not have to be. The question as contained in the Resolution appeared in Section 4 on page 4, "In order to assist with the acquisition, construction and equipping of safe and affordable housing for persons and families of low to moderate income, shall the City of Charleston be empowered to issue not exceeding \$20,000,000 of General Obligation Bonds?"

Mayor Tecklenburg said that in the meantime, the City was working with its Department of Housing and Community Development and the Charleston Housing Authority to come up with the specific properties and projects, number of units, projected costs, and with Council's permission, they would bring this information back to the Community Development Committee for review and approval over the summer, so that by the end of the summer, the City would have a specific list of projects they wanted to pursue. He said he wanted to share that the City was close to an agreement with LDC to obtain additional funds to go along with this \$20,000,000 and other private partnerships that would fund more units than the City had at the last bond referendum.

Councilmember Waring said he wanted to thank staff for the institutional knowledge. He said housing was infrastructure, and when he looked around at the community, he couldn't think of infrastructure as cheap. He thought of the Ravenel Bridge, and what it would take to build 526. He said the knowledge from the last bond referendum was part of the institutional knowledge that would come forward. He agreed with Councilmember Seekings that the dollar number seemed high, but they had the experience from the last bond referendum to bring this forward successfully. He said to build affordable housing, the City had to have a number of ingredients. To bond money, you had to have low interest rates. He said interest rates were a lot lower now than they were years ago when the City did the previous bond referendum, and the rates were at historic lows. He

said the City did not have the land that it now has from the bridge site, and hopefully this would factor into that. He said the land costs had been mitigated where the old Cooper River Bridge came down and hopefully affordable housing would go up. He said those were two factors that, when it came to the previous bond referendum, the City did not have. He acknowledged the City's legal team, Charlton deSaussure, Don Cameron and the Charleston Housing Authority, and Geona Shaw Johnson. Councilmember Waring said it took a lot of elbow grease to get this item to this point, and he hoped this would be marshalled through successfully. This was one of the action steps in creating affordable housing, and it was a bold step on behalf of the City.

Councilmember Shahid said the City needed this referendum to be presented to the citizens of Charleston. He said as the Committee and staff went through this process, the City had a West Ashley Revitalization Commission in Charleston, and this Commission could be used as part of this process. He said one of the issues that had come up in one of the Plan West Ashley workshops meetings was affordable housing. He said West Ashley should be a point of focus, as well, and that maybe the commission could be of assistance and play a role in this process.

On a motion of Councilmember Lewis, seconded by Councilmember Mitchell, the Committee on Ways and Means voted unanimously to approve the following Resolution:

A Resolution providing for an election for the determination of the question of whether the City of Charleston shall be empowered to issue and sell General Obligation Bonds of the City of Charleston in the amount not exceeding \$20,000,000 and for the purposes of providing affordable housing as set forth herein.

3. PUBLIC SERVICE: APPROVAL OF A BASE CONTRACT WITH WESTON & SAMPSON ENGINEERS TO PERFORM A DETAILED ANALYSIS AND REPORT FOR STORM DRAINAGE CONDITIONS, FLOOD REDUCTION, AND SUGGESTED IMPROVEMENTS IN THE CHURCH CREEK DRAINAGE BASIN. THE CONTRACT IS NOT TO EXCEED \$300,000.

Councilmember Lewis said since he had been on Council, the City had put a lot of money into the Church Creek basin. He spoke with Mike Metzler last week, and he asked him to contact Senator Kimpson's office because the City had a very serious problem downtown. He said he did not know if other Councilmembers looked at the paper last week after the City had a hard rain, but the Fire Department had to bring boats to the corner of Huger and King Streets to get people out of the service station because of the flooding. He said he had been complaining about this corner and basin, and the City needed to get with DOT to get this corner cleared out. He said when it flooded on the Septima Clark Expressway, people traveled up Ashley Avenue, got to Ashley and Sumter, and could not travel any further. They went down Sumter Street to King Street and thought they were going north to Huger Street which was flooded out. Then they turned around and came up Line Street which was also flooded out. This was a public safety issue. He said he stood on that corner sometimes and prayed watching people, hoping that no one got hurt. He said they had one car turned over at the corner of Line and King. If someone couldn't travel north or south, where were they going to go? People were trapped. The City needed to pay attention to

Huger, King, and Line Streets. He said from what he was told, the engineers stopped the water from flowing on Carolina Street when the City had a car that turned over coming off of I-26. After this happened, SCDOT came and figured out the problem and stopped the water, but the water was backing up to Line Street. The SCDOT told him that the engineer who did this work was no longer with SCDOT, but if one person was the only person that could solve a problem in the State, then they had a problem. He said he would not vote on this or other drainage problems again that came before Council until someone told him that they were taking a look at King/Line and Huger/King. The City needed to spend money downtown on the West Side.

Laura Cabiness, Director of Public Service, said the City knew how important that intersection was, and they had actually applied for an HMGP grant for this intersection. She did not know if they would get the funding for it, but they were looking for ways to fund this project.

Councilmember Mitchell said he was going to reiterate what Councilmember Lewis had said about Huger and King Streets. He said he had been living there now for 33 years, and it had been flooding ever since he was there and before that time. He said he couldn't get out of there and had to go around. He said that people should see the cars that went through the area and have stopped with damaged motors because of the flooding. Some people came into town and thought it was shallow. He said once someone got to Huger and King, the water was deep. He had watched it many times when the Fire Department had to come rescue people, but the area had been flooding since he had been there. His children were grown, and they were still talking about the flooding. He said one time, these areas were high on the list when he first came onto Council. Then, all of a sudden, the projects were swapped, and these areas went to the bottom of the list. He said the City needed to look at this now and clear it up as much as they possibly could. He said it had been going on for too long.

Councilmember Riegel said he was not sure if Councilmember Mitchell was supporting the item or voting against it. Councilmember Mitchell said he had not made his decision yet. Councilmember Riegel said he urged Councilmembers to vote in support of this item. He said he agreed with Councilmember Lewis. He had been in Charleston for three decades, and this area had always been a problem, but he asked Councilmembers not to penalize the residents of West Ashley which a number of their districts covered. He said he would happily support any ordinance or referendum that might be brought forward to mitigate this problem.

Councilmember Seekings said the Burke High School Class of 1967 was present listening to the debate and hearing about flooding around the part of town where they went to school 50 years ago. He said the City was about to appropriate monies to do a study on the Church Creek basin in West Ashley, which had been flooding like crazy. He said it was a nightmare out there, and they needed to give these residents relief. The only way to do this was to figure out what was going on. He said the line item was \$300,000, and this was just the beginning. He said water was a huge problem for Charleston city-wide. The Committee had heard about Affordable Housing earlier and how the City needed to provide for affordable housing. He said this would be one of many things that they were going to have to debate around the Chamber, and there were going to be some painful conversations because Church Creek was an issue, as well as other parts of West Ashley.

Downtown had a drainage system that was designed and built in 1850. He said there was some evidence, through no one's fault, that parts of this system had been untouched and unseen since 1850. He said the City had a lot of work to do, and they did not have a lot of time to talk about the politics of sea level rise – the water was coming at everyone from every direction. The City was going to have to manage it and prepare for it now. It would be expensive, and Council needed to get together globally on the issue and be together on the issue in that water would be their mission to manage. He said he would be voting in favor of this item, and he asked when the moratorium ended. Ms. Cabiness confirmed that it would end November 28th. Councilmember Seekings said he hoped these were fast-working consultants, so that they could determine what was happening in this area and put a plan together, so that they could move on to Huger and King and everywhere else. He said more of this was coming, and it was going to be expensive.

Councilmember Gregorie said he was going to support this measure, but the City really needed some steps with regards to Huger Street. He said the City had applied for a grant, and he was sure the grant was just to do the study. He was sure just as Council could find dollars to do a study for the Church Creek drainage project, the City could find some dollars to do a similar study for the Huger Street drainage area. He asked Council at some point soon to look into allocating dollars specifically to study the Huger Street drainage issue. He thought that was the only way the City would start moving forward on the issue. He said his high school class was here, and they went swimming at Fishburne and President Streets most of their lives, but hopefully the Septima Clark Drainage Project would assist with the flooding issues at Fishburne and President, but the City had to get to Huger and King Streets. He asked that when Council began discussing the budget, that the City allocate specific dollars to do a study for the Huger Street drainage.

On a motion of Councilmember Waring, seconded by Councilmember Williams, the Committee on Ways and Means voted unanimously to approve a base contract with Weston & Sampson Engineers to perform a detailed analysis and report for storm drainage conditions, flood reduction, and suggested improvements in the Church Creek Drainage Basin. The contract is not to exceed \$300,000.

There being no further business presented, the Committee on Ways and Means adjourned at 5:08 p.m.

Jennifer Cook
Assistant Clerk of Council